

**RECORD VERSION**

**STATEMENT BY**

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**BEFORE THE**

**COMMITTEE ON GOVERNMENT REFORM  
UNITED STATES HOUSE OF REPRESENTATIVES**

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**ON THE RECONSTRUCTION EFFORTS IN IRAQ**

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## **INTRODUCTION**

Thank you for this opportunity to report to you on the reconstruction efforts in Iraq with respect to our responsibilities for approximately \$13 billion of the Fiscal Year 2004 funding appropriated for Iraq under the Iraq Relief and Reconstruction Fund (IRRF). It is my privilege to represent the Army leadership and the military and civilian members of the combined reconstruction program management and contracting workforce team.

## **HISTORY**

The Army has been the Executive Agent for the Department of Defense (DoD) reconstruction and relief mission in Iraq as outlined in the IRRF and has been responsible for the execution of approximately \$13 billion of the \$18.4 billion appropriated by Congress for projects in Iraq. The following is a brief history of this monumental effort.

Responsibility for providing humanitarian assistance and aiding in the reconstruction of post-war Iraq initially fell to the Office of Reconstruction and Humanitarian Assistance (ORHA), which was tied to both DoD and the U.S. Agency of International Development (USAID). Later, the Coalition Provisional Authority (CPA) was established and responsibility for the reconstruction was shifted to that organization. The CPA, which existed from May 2003 to June 2004, was originally charged only with responsibility for the oversight and expenditure of the Development Fund for Iraq and the initial funds appropriated in April 2003 under the first emergency supplemental for Iraq – most of which was provided to USAID to support immediate reconstruction requirements. However, with the appropriation of the \$18.4 billion into the IRRF, under P.L. 108-106 in November 2003, the CPA's reconstruction mission expanded.

In January 2004, the Program Management Office (PMO) was established by and within CPA to provide programmatic support for the IRRF. It was at this same time that the Army was asked to expand its Executive Agency responsibilities to specifically include acquisition and program management

support. In February 2004, a one-star General Officer was designated as the Head of Contracting Activity (HCA) for Iraq reconstruction, and the contracting mission was expanded in staffing and scope. In fact, during this initial reconstruction phase when there was less than optimal information on reconstruction requirements, the Army awarded \$6.1 billion in Indefinite Delivery-Indefinite Quantity Design-Build construction contracts to seven separate contractors. This took only 90 days with full and open competition and in full compliance with the Federal Acquisition Regulation (FAR). Furthermore, there were no contract protests. Normally, this process would have taken nearly 18 months.

The next phase of the Army's acquisition and program management responsibilities in Iraq occurred in June 2004, upon the stand-down of the CPA and the establishment of the U.S. Embassy for Iraq. The Department of State (DOS) assumed overall control of the reconstruction program through the Iraq Reconstruction Management Office (IRMO). IRMO was given the responsibility of managing all assistance efforts in Iraq, coordinating all U.S. efforts, and setting the priorities and requirements for the use of all IRRF funds. The Army, USAID, State, Treasury, and the U.S. Institute of Peace, served as the implementers of DoS's priorities for reconstruction. In preparation for this transition, the Project and Contracting Office (PCO) was established to replace the PMO and moved under the direct supervision of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)). In Iraq, PCO was placed under Chief of Mission authority, with IRMO acting as the designated entity supervising IRRF programs. A Principal Deputy was added to the Office of the ASA(ALT) to direct efforts with the PCO as the Director of Iraq Reconstruction and Program Management. Additionally, I worked to improve oversight of the contracting mission by establishing the Office of the Deputy Assistant Secretary of the Army for Policy and Procurement – Iraq, or DASA (P&P)-Iraq. The PCO-Washington and the DASA (P&P)-Iraq offices are co-located and work together to bring full cooperative reach-back support to the program and contracting personnel on the ground in Iraq.

In October 2004, the U.S. Central Command designated the Army as the lead component for contracting for Operation Enduring Freedom in the Combined Joint Operations Area, Iraq and Afghanistan, and the Joint Contracting Command-Iraq/Afghanistan (JCC-I/A) was established. JCC-I/A provides contracting support under the authority of the ASA(ALT) as the Army Acquisition Executive (AAE) to both the Iraq reconstruction effort and to our combatant commanders in Iraq and Afghanistan. The JCC-I/A is headed by a two-star General Officer who has been designated by the AAE as HCA for Iraq and Afghanistan. This joint command has more than 160 people in two theatres of war who are working in dangerous and difficult conditions.

We are now in another phase of the Army's mission to support the reconstruction. As the majority of our projects moved from design to construction, we responded to this development by asking the U.S. Army Corps of Engineers, Gulf Region Division (GRD), to expand its responsibilities for on-the-ground construction management, and they have responded magnificently. PCO has consolidated and streamlined its organization in association with the GRD in order to increase efficiencies and continue efforts to reduce costs and complete the mission. As of December 4, 2005, the PCO Director in Iraq became the GRD commander. This three-stage evolution from the CPA and PMO, to the PCO, and currently to GRD/PCO and JCC-I/A is truly a good news story that demonstrates how effectively the Army can organizationally readjust and respond to the changing circumstances in a war-time environment and, at the same time, provide consistent policy guidance and oversight.

## **CURRENT PERFORMANCE**

At the end of this month, the IRRF will expire and we will mark a milestone in our efforts to support the Iraqi people's aspiration to create a vibrant economy that provides essential services to the population. We do so with great pride and with gratitude to Congress, the Army team, and our interagency partners – the DoS and USAID – as well as the Government of Iraq and the many Iraqi firms

with which we work. Throughout the IRRF program, this team has proven to be resourceful and resilient, while adjusting to every challenge presented by the evolving conditions in Iraq. The team has operated in full compliance with Federal Acquisition Regulations.

The accomplishments have been many, including:

- More than 3,100 projects completed;
- Increased power generation benefiting 1.3 million homes;
- New grade schools serving 325,000 students’;
- 250 border forts that help secure more than 2,000 miles of Iraq’s borders; and
- New and restored water treatment facilities that benefit approximately 1.9 million citizens of Iraq.

To facilitate the sustainable operations of our reconstruction projects, our contractors are required to transfer their technical knowledge and skills to Iraqi personnel. This is accomplished through thousands of training hours and the provision of contract deliverables, including operations and maintenance manuals, preventative maintenance plans, and databases that contain information on both subcontracting activities and efforts to develop the capacity needed to sustain the infrastructure being built.

The success that we see on the ground in-theater by IRMO, the GRD/PCO, and JCC-I/A is being achieved with a dedicated group of military, civilian and contractor personnel. Both offices operate long hours, seven days a week under extremely volatile conditions. On January 29, 2005, we lost two of our own – Barbara Heald and Navy Lieutenant Commander Keith Taylor – who were killed at their desks by a rocket attack on the U.S. Embassy compound in Baghdad. These are the heroes and the role models for all working this important mission to support democracy.

## **ACCOUNTABILITY**

I also want to emphasize the following very important point. The reconstruction program in Iraq has been one of most thoroughly audited efforts ever undertaken by our government. From the beginning, we have welcomed this “good government” look at our work. In addition to the Special Inspector General for Iraq Reconstruction (SIGIR), we also have been audited by the Government Accountability Office (GAO), the Defense Contracting Audit Agency (DCAA), the Department of Defense Inspector General (DODIG), and the Army Audit Agency (AAA). Our policy throughout this mission has been to work side-by-side with all auditors in order to ensure the proper expenditure and oversight of American taxpayer money allocated by the Congress. We have also found that they serve a valuable role in helping us execute our mission better and with greater care. Let me also assure you that we have worked continuously to uphold all U. S. laws and regulations, and that, as stated previously, all contracts are awarded in complete conformance with the Federal Acquisition Regulations.

## **CONCLUSION**

While the challenges have been daunting at times, we have maintained a tremendous sense of urgency and intense operational tempo with regard to our reconstruction mission. We are proud of our accomplishments, and we want the people of this great nation and the Members of Congress who represent them to know of this great effort.

In summary, we are an Army at war, a full member of the Joint and Interagency Team. We are fighting and winning the Global War on Terrorism while bearing the enormous responsibilities associated with reconstruction. We are proud of our role in helping to create and build a stable and successful Iraq. With your continued support, we will succeed.